



27 MAR 1984

MEMORANDUM FOR: Deputy Director for Administration

FROM: Daniel C. King
Director of Logistics

SUBJECT: President's Private Sector Survey on Cost
Control (Grace Commission)

REFERENCE: Memo to DDA from D/L, dtd 5 March 1984, Same
Subject, w/attachment (OL 4045-84)

1. Forwarded herewith is a progress report on Office of Logistics (OL) efforts aimed at adopting/implementing certain of the Grace Commission recommendations on:

- A. Procurement/Contracts/Inventory Management.
- B. Real Property Management.
- C. Department of Labor.

2. Following our initial review of these reports in February of this year, we reported to you that many of the recommendations contained therein were not applicable to the Agency. For those recommendations that were applicable, we noted that the majority would be handled via LIMS. Finally, we stated that, where possible, OL would undertake efforts to adopt/implement the remainder of the recommendations; as time and resources permitted, and would report the results of our efforts to you. Attachment A represents our report which covers both the recommendations that will be handled by LIMS and those that are being accomplished by OL components.

3. If there are any questions pertaining to our report, the focal point for this activity is the Information and Management Support Staff, OL, extension

Daniel C. King

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OL 4152-84

PROCUREMENT/CONTRACTS/INVENTORY MANAGEMENT

Recommendation

PROC 10-2: Establish guidelines for and regularly adjust purchasing and inventory carrying costs

Action

A standard inventory pricing policy that would cover the cost of replacing damaged, missing, or obsolete stock is an action item to be reviewed jointly by Booze, Allen and Hamilton and OL as part of LIMS.

Recommendation

PROC 10-3: Expedite the modernization of computer facilities to provide accurate status of stock and to improve the level and accuracy of demand forecasts.

Action

LIMS will provide the necessary tools to improve the accuracy of Economic Order Quantity (EOQ) forecasting in the Agency. Control and management of inventories is to be delivered in October 1985, in the LIMS Work Package 2.

Recommendation

PROC 11-1: Implement appropriate interim measures as a short-term strategy for quick payoff in improving inventory visibility and management.

Action

Improving inventory visibility and management is an objective of LIMS. The current Inventory Control System (ICS) will be absorbed by LIMS when Work Package 2 is delivered in October 1985. LIMS benefits will improve inventory management.

Recommendation

PROC 11-2: Pursue ADP modernization by:

- (1) Instituting a pilot program to install "tailored" commercial ADP software packages in conjunction with the use of minicomputers.
- (2) Studying the use of commercial ADP services and equipment with emulation capability if needed, to augment overloaded facilities.
- (3) Emphasizing the use of existing, modernized, or planned systems (internally) to avoid extended development time.

Action

Condor Data Base Management Systems are being used on WANGS for Agency Standard Automated Property System (ASAPS) like system to be used overseas.

Recommendation

PROC 12-1: Initiate a program of "wall-to-wall" inventory taking on a periodic basis.

Action

Wall-to-wall inventories are currently being completed on a three-year cycle (one-third of the inventory each year).

Recommendation

PROC 12-2: The LOGMARS (bar coding) implementation plan should be implemented.

Action

STAT Funds [] were transferred to ODP in June 1984 for the
STAT development of a plan to implement Bar Code technology at
[] prior to LIMS. Bar Coding will be part
of LIMS.

Recommendation

PROC 19-1: Develop accountability among procurement/contract management personnel/supervisors for making awards to known poor performers or for failing to terminate for default, to debar or to suspend such performers when circumstances clearly justify doing so.

Action

Through a somewhat cumbersome manipulation of the CONIF/ICS data bases, Procurement Division (PD), OL has reviewed the previous twelve months contracts (with deliverable items) and identified those vendors who appear to be poor performers in meeting promised delivery schedules. PD intends to conduct a detailed analysis of those contracts and take appropriate action with the vendors.

As a result of the above analysis, PD has identified data and reporting requirements for inclusion in the procurement package of LIMS. This should provide systematic identification of poor vendor performance, and provide the data needed to take remedial action.

Recommendation

PROC 19-2: Establish information system on vendor performance

Action

The procurement package of LIMS will provide the capability to establish and maintain an information system on vendor performance.

REAL PROPERTY MANAGEMENT

Recommendation

PROP 1-1: Establish in writing a clear, concise goal for Federal real property management.

Action

Real Estate and Construction Division (RECD) in conjunction with the Information and Management Support Staff (IMSS), OL and other appropriate offices in the Agency are working to update concerning Real Estate and Construction. Our purpose is to more clearly define real estate management policy and procedures as they apply to the Agency.

Recommendation

PROP 1-3: Select and obtain the most appropriate software and hardware computer system for handling real property data.

PROP 1-4: Develop a working management plan for real property within no more than two years.

Action

While these recommendations principally refer to deficiencies in the GSA data collection, RECD is taking aggressive action to develop an automated real property system which will provide the necessary data to manage property assets more efficiently. RECD is currently in the process of inputting data into the system.

In addition to the specific recommendations mentioned above, RECD is continuing to work to upgrade the level of professionalism in the real estate disciplines so it can more effectively manage the Agency's real property holdings.

Recommendation

PROP 6-1: A comprehensive (real property) maintenance productivity program should be introduced.

Action

The Agency reached agreement with the General Services Administration on 06 February 1984 to take over maintenance and operation (M&O) of our Headquarters Building beginning in FY 1985. A contract was subsequently signed with an M&O contractor to assume this responsibility. The contractor will commence operations 01 October 1984.

Recommendation

PROP 6-2: Control responsibility (for real property maintenance) should be established within each Agency.

Action

Real property maintenance in Headquarters and Washington Metropolitan Area offices is the responsibility of the Headquarters Operations, Maintenance and Engineering (HOME) Division, OL. Organizational changes have been implemented which consolidates all logistic support for the Headquarters Building in this multi-discipline division located at the Headquarters Building.

DEPARTMENT OF LABOR

Recommendation

Labor 11-1: Place all procurement activities under the direct supervision of a single agency--the Office of the Assistant Secretary for Administration and Management--at both the National and Regional office levels.

Action

This recommendation deals with the placement of procurement activities under the direct supervision of a single agency. While this recommendation was for the Department of Labor, we concur and support adopting the recommendation by doing away with the dual delegation of procurement authority. While this is a desirable objective, the Director of Logistics has only recently discussed this matter with the Deputy Director for Science and Technology, with little encouragement to implement.

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

President's Private Sector Survey on Cost Control (Grace Commission)

FROM:

Chief, Information and Management
Support Staff

EXTENSION

NO.

OL 4152-84

DATE

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1.

D/L

2.

D/L

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Attached is a report to the DDA regarding OL efforts to adopt/implement certain Grace Commission recommendations. The report was prepared, at the request of EO/OL from input received from OL staffs and divisions.

Dave

as far as I am concerned, this completes our obligation to the DDA.

84-019578

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Director of Logistics

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OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1.

EO/DDA

8/28 5/28

DV3

The attached is a commendable unilateral action.

2.

AODA

29 AUG 1984

29 AUG 1984

I recommend we hold this pending any future requirement to report external to the

3.

ODA

29 AUG 1984

J

DA on Grace Commission reports

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D/O L

See

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EO

30/8

J

3-5

6.

DD/L

V

7.

C/1455

JES

I continue to be impressed with O's efforts to implement the Grace Commission recommendations. Your efforts are greatly appreciated and will have a positive impact on your business.

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would you please hold these for future use since I am certain this will be the subject of a future cabinet

FORM 1-79

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USE PREVIOUS EDITIONS

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29 AUG 1984